

State of Alaska FY2007 Governor's Operating Budget

Department of Revenue Mental Health Trust Operations Component Budget Summary

Component: Mental Health Trust Operations

Contribution to Department's Mission

The mission of the Alaska Mental Health Trust Authority is to administer the Alaska Mental Health Trust as a perpetual trust and to ensure a comprehensive and integrated mental health program to improve the lives of beneficiaries.

Core Services

- Manage Trust cash and non-cash assets.
- Provide leadership in advocacy and planning around beneficiary related issues.
- Ensure funding of a comprehensive integrated mental health program.
- Spend Trust income to improve the lives and circumstances of Trust beneficiaries.

End Results	Strategies to Achieve Results
<p>A: Increase quality of life for Trust beneficiaries.</p> <p><u>Target #1:</u> At least 10% of "In-Step Plan" indicators will show improvement.</p> <p><u>Measure #1:</u> Percentage of "In-Step Plan" indicators showing improvement.</p>	<p>A1: Maximize revenues from Trust cash assets.</p> <p><u>Target #1:</u> \$1 million in interest income.</p> <p><u>Measure #1:</u> Percentage of \$1 million in interest income generated.</p> <p><u>Target #2:</u> Maintain Reserve account at 400%.</p> <p><u>Measure #2:</u> Percentage of reserve account maintained.</p> <p><u>Target #3:</u> 5% total real return on Trust Fund at Alaska Permanent Fund Corporation (APFC).</p> <p><u>Measure #3:</u> Total real return as set by APFC.</p> <p><u>Target #4:</u> 1.5% return on intermediate fund invested at Treasury.</p> <p><u>Measure #4:</u> Actual rate of return on intermediate fund invested at Treasury.</p> <p>A2: Maximize revenues from Trust non-cash assets.</p> <p><u>Target #1:</u> FY 05 \$2.6 million in spendable income for Trust Authority.</p> <p><u>Measure #1:</u> Amount of Trust Land Office spendable "income" earned.</p> <p><u>Target #2:</u> FY 05 \$5.3 million to Trust Principal from Trust Land Office.</p> <p><u>Measure #2:</u> Amount of Trust Land Office principal earned.</p> <p><u>Target #3:</u> Invest at least \$1 million of Trust principal in Trust land enhancements or strategic land acquisitions.</p> <p><u>Measure #3:</u> Amount of Trust principal invested in Trust land enhancement or strategic land acquisitions.</p> <p>A3: Spend Trust income to improve the lives and circumstances of Trust beneficiaries.</p>

	<p><u>Target #1:</u> Budget 3.5% of Trust Funds annually for programmatic spending as set by Asset Management Policy approved by Board of Trustees.</p> <p><u>Measure #1:</u> Percent of Trust Fund spent annually for MHTAAR projects approved by Trustees.</p> <p><u>Target #2:</u> At least 50% of MHTAAR funded projects and 80% of Small Projects funded with Trust Income will report beneficiary-related performance outcome measures.</p> <p><u>Measure #2:</u> Percent of Trust Income funded projects that report beneficiary-related performance outcome measures.</p> <p>A4: Leverage Trust funds with funds from private corporations, foundations and other sources for beneficiary related projects.</p> <p><u>Target #1:</u> Leverage \$10.00 for every \$1.00 MHTAAR in projects designated as partnering projects.</p> <p><u>Measure #1:</u> Dollars leveraged for every dollar of MHTAAR.</p> <p><u>Target #2:</u> Generate 12 partners for MHTAAR partnering projects outside of state government.</p> <p><u>Measure #2:</u> Percent of target met.</p> <p>A5: Provide leadership in advocacy and planning around improving lives of beneficiaries.</p> <p><u>Target #1:</u> Work to develop/change at least two policies/programs to improve/protect the lives of beneficiaries.</p> <p><u>Measure #1:</u> Number of policies developed/changed that improve/protect the lives of beneficiaries.</p>
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Major Activities to Advance Strategies

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| <ul style="list-style-type: none"> • Produce monthly financial reports for Trustees. • Calculate and complete annual payout. • Coordinate cash management with APFC and DOR Treasury. • Prepare and distribute annual report. • Support the Board of Trustees and their committees. • Support and provide oversight for four focus area implementation workgroups in their strategic planning. • Provide efficient and accountable Trust Office Administration. • Work with Trust advisory bodies, consumers and provider groups to access needs of beneficiaries. • Conduct annual budget recommendations planning process (BRPP) with advisory groups and statutory advisors. • Develop budget recommendations from the BRPP for the Governor & Leg Budget & Audit Committee by Sept. 15 for the Mental Health Appropriation Bill. | <ul style="list-style-type: none"> • Trust works with Governor and legislature to finalize funding in the Mental Health Budget bill. • Assure implementation of funding as approved by Trustees. • Develop partnerships and other independently administered projects to leverage funds. • Develop funding agreements and performance measures for Trust funding projects; monitor and report results and impacts to Trustees. • Work with Trust advisory bodies, departments, consumers and provider groups to evaluate effectiveness of MHTAAR funded projects. • Partner with DHSS to develop Comprehensive Integrated Mental Health Plan and keep updated. • Provide leadership among partners through sponsoring collaborative meetings between staff and board members of advisory groups and statutory advisors. • Provide technical assistance for and participate on the Steering Committee for Coordinated Communications |
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Major Activities to Advance Strategies

- Plan.
- Work with the court system to implement a new Mental Health Court in the Mat-Su Borough.
- Work with partners to fund and build a new Detox center in Fairbanks.

FY2007 Resources Allocated to Achieve Results

FY2007 Component Budget: \$1,778,100

Personnel:

Full time	10
Part time	0
Total	10

Performance Measure Detail

A: Result - Increase quality of life for Trust beneficiaries.

Target #1: At least 10% of "In-Step Plan" indicators will show improvement.

Measure #1: Percentage of "In-Step Plan" indicators showing improvement.

Analysis of results and challenges: State statute requires an integrated comprehensive mental health plan. The "In-Step Plan" is done in partnership with The Trust by Department of Health and Social Services and is updated annually by a staff person who is funded partially by The Trust.

FY2005 Results: The Department of Health And Social Services did not release an update this year; they are working on a new In-Step Plan in FY2006.

A1: Strategy - Maximize revenues from Trust cash assets.

Target #1: \$1 million in interest income.

Measure #1: Percentage of \$1 million in interest income generated.

Percentage of \$1 million Interest Income Earned

Fiscal Year	Percentage
FY 2004	106%
FY 2005	92.4%

Analysis of results and challenges: FY2004 Results:

106% for a total of \$1,068,566.33 of the million dollars of interest income generated was attained.

FY2005 Results:

92.4% for a total of \$923,747.08 of the million dollars of interest income generated was attained.

Due to the Asset Management Policy, including the Budget Reserve Account, The Trust is able to provide level funding each fiscal year. The FY2006 payout rate of 3.75% (up from 3.5%) was set in August 2004, and the FY2007 payout rate was set in August of 2005 and will reflect an increase to 4.00%.

Target #2: Maintain Reserve account at 400%.

Measure #2: Percentage of reserve account maintained.

Analysis of results and challenges: FY2004 Results:

The FY2004 Budget Reserve account increased to 646% of the annual payout as of the end of June 2004.

FY2005 Results:

The FY2005 Budget Reserve account increased to 568% of the annual payout as of the end of June 2005.

The Trust used a consultant to recommend methods to assure consistent funding levels for the Integrated Comprehensive Mental Health Program and a 400% reserve account was recommended and adopted by the Board of Trustees. This reserve account has proven essential over the last three years during the downturn in the investment market to keeping funding available when other philanthropy organizations and funding corporations from the State of Alaska have reduced funding.

The Asset Management Policy requires that excess funds above the 400% mandated for the Budget Reserve account be deposited into the Principal Account. The Board of Trustees voted to move the funds in excess of 400% into the Principal account and additionally decided to increase the annual payout rate for FY2007 from 3.75% to 4.00%. This will make additional funds available for the FY2007 budget and have been accounted for in the budget submitted for the Mental Health Budget Bill.

Target #3: 5% total real return on Trust Fund at Alaska Permanent Fund Corporation (APFC).

Measure #3: Total real return as set by APFC.

Total Real Return on Trust Fund by APFC

Fiscal Year	Rate of Return
FY 2004	11.9%
FY 2005	7.49%

Analysis of results and challenges: APFC's current goal is to earn about 5% over the rate of inflation in the long run. For FY2005, APFC reported a real return rate of 7.49%. For FY2004, APFC reported 14.2% total return, less 2.3% inflation for a total real return of 11.9%.

Target #4: 1.5% return on intermediate fund invested at Treasury.

Measure #4: Actual rate of return on intermediate fund invested at Treasury.

Actual Rate of Return on Intermediate Fund

Fiscal Year	Rate of Return
FY 2004	1.829%
FY 2005	3.05%

Analysis of results and challenges: For FY2005, the Mental Health Trust Reserve Fund experienced a 3.05% return, or \$778,440.35. The MHT Reserve Fund was established in September of FY2004 and experienced a 1.829% return for 9 months or \$383,548.00.

The real return rate is set annually by the APFC. The Trust Principal account is mandated in statute to be managed by the APFC.

A2: Strategy - Maximize revenues from Trust non-cash assets.

Target #1: FY 05 \$2.6 million in spendable income for Trust Authority.

Measure #1: Amount of Trust Land Office spendable "income" earned.

Trust Land Office Spendable Income Earned

Fiscal Year	Amount Earned
FY 2004	\$2.6 million
FY 2005	\$3.0 million

Target #2: FY 05 \$5.3 million to Trust Principal from Trust Land Office.

Measure #2: Amount of Trust Land Office principal earned.

Trust Land Office Principal Earned

Fiscal Year	Amount Earned
FY 2004	\$8.5 million
FY 2005	\$14.6 million

Analysis of results and challenges: Gross revenues exceeded the year-end goal due to culmination of several large multi-year land sale projects.

Target #3: Invest at least \$1 million of Trust principal in Trust land enhancements or strategic land acquisitions.

Measure #3: Amount of Trust principal invested in Trust land enhancement or strategic land acquisitions.

Trust Principal Invested in Land Enhancements or Acquisitions

Fiscal Year	Enhancements	Acquisitions	YTD Total
FY 2004	\$270,000	\$779,900	\$1,049,900
FY 2005	\$594,000	0	\$594,000

Analysis of results and challenges: FY2005 Result:

Invested \$264,000 in Trust land enhancement projects. Contractually obligated an additional \$330,000 in Trust land enhancement projects.

FY2004 Result:

100% of target achieved. Purchased seven acres of land in Fairbanks (\$779.9) and completed property enhancements at 718 L Street (\$270.0).

The Trust Board of Trustees have set resource management policies which include definitions of spendable income.

A3: Strategy - Spend Trust income to improve the lives and circumstances of Trust beneficiaries.

Target #1: Budget 3.5% of Trust Funds annually for programmatic spending as set by Asset Management Policy approved by Board of Trustees.

Measure #1: Percent of Trust Fund spent annually for MHTAAR projects approved by Trustees.

Trust Income Allocated to MHTAAR Projects and Percentage of Trust Fund Payout

Fiscal Year	Total Payout	Land Income	Interest Income	Other*	YTD Total	% of Payout
FY 2004	\$11,039,434	\$2,532,089	\$1,219,856	\$3,944,649	\$18,736,028	3.5%
FY 2005	\$12,398,993	\$2,623,101	\$1,068,566	\$2,404,691	\$18,495,351	3.5%

*Other funds:

FY2005 - Prior year lapsed funds

FY2004 - \$500,000 unspent Trust Land Office CIP funds returned and \$3,444,649.22 prior year lapsed funds

Analysis of results and challenges: The Trustees set a payout rate, interest income and land income rates

that will maximize available income while ensuring a perpetual Trust and keep the annual revenues for funding the integrated comprehensive mental health program secure during sustained market downturns.

Target #2: At least 50% of MHTAAR funded projects and 80% of Small Projects funded with Trust Income will report beneficiary-related performance outcome measures.

Measure #2: Percent of Trust Income funded projects that report beneficiary-related performance outcome measures.

Trust Funded Projects Reporting Beneficiary-related Performance Outcomes

Fiscal Year	MHTAAR Projects	Small Projects
FY 2004	85%	100%
FY 2005	80%	100%

Analysis of results and challenges: FY2005 Result: 100% of Small Projects have beneficiary-related performance measures written into their funding agreements. 80% of the 100 MHTAAR/Authority grants have performance outcome measures directly serving beneficiaries written into their grants. The 2005 grant reporting process was moved into the 2nd quarter of 2006 in order to collect a full year of grant performance data. The other 15% of projects were focused on infrastructure development and training and will benefit beneficiaries in the long term performance outcomes of the projects by providing trained treatment providers and facilities to meet needs in coming years.

The Trust is dedicated to assuring that its resources are expended to improve the lives of Trust beneficiaries. Each project approved and funded with Trust Income is required to set performance measures and to report at the end of the first 6 months and then again annually at the end of each funded year, with a final report done a year after the termination of any project. Each project is measured against the impact it will have on improving the lives of beneficiaries or creating the system capacity to improve beneficiary lives.

A4: Strategy - Leverage Trust funds with funds from private corporations, foundations and other sources for beneficiary related projects.

Target #1: Leverage \$10.00 for every \$1.00 MHTAAR in projects designated as partnering projects.

Measure #1: Dollars leveraged for every dollar of MHTAAR.

Dollars Leveraged for Every Dollar of MHTAAR

Fiscal Year	Partnerships Funded	Non-state Matching Funds	\$ per Trust \$
FY 2004	\$682,203	\$4,450,150	\$6.52
FY 2005	\$1,117,530	\$19,937,374	\$17.84

Analysis of results and challenges: The Trust has been focusing on increasing resources that help to improve the lives of Trust beneficiaries. A proven way the philanthropic community across the nation does this is through leveraging funds with other resources to accomplish mutual goals. The Trust has been increasing leveraging activity each year and continues to place an emphasis on partnering with local, state and national partners.

In addition to the results reported above, the Trust funded 29 small projects in the amount of \$235,900 to non-state organizations to support Trust beneficiary-related services and activities, leveraging \$819,787 on non-state funds to match for these projects.

In total the Trust funded 68 grants in the amount of \$19,370,984 through state programs and direct Authority grants in FY2005.

Target #2: Generate 12 partners for MHTAAR partnering projects outside of state government.

Measure #2: Percent of target met.

Non-state Partnerships Funded

Fiscal Year	# Partners	% of Target
FY 2004	29	225%
FY 2005	34	283%

Target: 12 partners outside of state government

Analysis of results and challenges: The Trust has been focusing on increasing resources that help to improve the lives of Trust beneficiaries. A proven way the philanthropic community across the nation does this is through leveraging funds with other resources to accomplish mutual goals. The Trust has been increasing leveraging activity each year and continues to place an emphasis on partnering with local, state and national partners.

A5: Strategy - Provide leadership in advocacy and planning around improving lives of beneficiaries.

Target #1: Work to develop/change at least two policies/programs to improve/protect the lives of beneficiaries.

Measure #1: Number of policies developed/changed that improve/protect the lives of beneficiaries.

Analysis of results and challenges: FY2005 Result:

1. 4 new focus area strategic plans were developed collaboratively to drive beneficiary-related system change.
2. A new mental health court will be initiated in the Mat-Su valley.
3. A new detox center is being built collaboratively in Fairbanks.
4. Worked with the DHSS Division of Behavioral Health to get a process started to redesign the division's evaluation and data system. The first organization meeting was held by the end of the fiscal year after much planning and agreeing to work with national experts over the next year.
5. The Trust and Division of Behavioral Health have partnered with federal SAMHSA to develop an integrated behavioral health management information system called AKAIMS. This system will improve service delivery around Alaska and make available good information on activities and outcomes of mental health and substance abuse services.
6. Partnered with the University of Alaska and DHSS Division of Behavioral Health to address behavioral health workforce development issues.
7. Compiled and analyzed comprehensive information on Title 47 protective custody holds in jails and correctional facilities to serve as basis for development of intervention strategies.

The Trust is tasked in statute with providing leadership to improve systems that serve Trust beneficiaries. The challenge for the next few years will be to advocate for healthy public policy around beneficiaries issues during times of government reorganizations and downsizing.

The Trust continued its commitment investment heavily in four areas: Housing, Bring the Kids Home, Disability Justice, and Trust Beneficiary Group Initiatives. The plan for each area can be found at www.mhtrust.org. The Trust will continue to facilitate the implementation of the strategic plans through collaborative workgroups over the next few years.

The Trust is working with all of its partners to improve evaluation and data collection in order to better meet its statutory mandate to report on the status of the health of Trust beneficiaries and the performance of the comprehensive mental health program. This will continue to be a focus in the future to assure sound information on which to make funding decisions and for making funding recommendations to the state.

Key Component Challenges

- Maintain a budget reserve account balance sufficient to maintain or increase the Trust contribution to the comprehensive mental health programs.
- Coordinate and collaborate with the various state agencies, providers and advocacy groups to meet the needs of the Trust beneficiaries.
- Increase the capacity of the comprehensive mental health program to meet the needs of Trust beneficiaries while the state's ability to adequately fund mental health programs has decreased.

- Provide support to the various task forces or initiatives on insurance parity, home and community based services development, work force development, community-based services, homelessness, and transportation issues to enable the current state administered programs to meet the needs of Trust beneficiaries in the most efficient manner possible.
- Continue to develop partnering initiatives to leverage funds from private corporations and foundations for beneficiary related programs.
- Improve the information required to assess the extent, causes, and costs of unnecessary/avoidable incarceration of persons with mental disabilities not routinely collected by criminal justice system agencies.

Significant Changes in Results to be Delivered in FY2007

No changes in results delivered.

Major Component Accomplishments in 2005

- Trust implemented the Budget-Recommendation Planning Process to collaborate with state and other agencies for long-range focus area plans to accomplish change in the systems serving beneficiaries. Four focus areas were identified - Housing, Disability Justice, Bring the Kids Home, and Trust Beneficiary Group Initiatives.
- Partnered with the University of Alaska and DHSS Division of Behavioral Health to address behavioral health workforce development issues.
- Partnered with non-state agencies in 34 projects totaling \$1,117,530 of Trust funding, leveraging \$19,937,374 of non-state dollars for collaborative projects on Trust beneficiary issues.
- Funded 29 small projects, in the amount of \$235,900, to non-state organizations to support Trust beneficiary-related services and activities, leveraging \$819,787 of non-state funds to match for these projects.
- Funded 68 grants in the amount of \$19,370,984 through state programs and direct Authority grants.
- Implemented a joint initiative with the Alaska Court System to expand therapeutic practice throughout the court system, including developing a new mental health court in Palmer and training for all Alaska judges to identify cases involving persons with mental disorders and apply therapeutic approaches in judicial practice to achieve better results for the individuals and community.
- Developed successful application for technical assistance and financial resources to assist state corrections and mental health agencies in performing study of Trust beneficiaries in correctional system, the extent of avoidable incarceration occurring because of lack of more appropriate community service interventions and implementing policy and practice changes to reduce unnecessary incarceration of beneficiaries.
- Led multi-agency community-based partnership and planning effort to obtain funding for development of enhanced detoxification facility and program in Fairbanks.
- Purchased land for Fairbanks detoxification facility replacement that will be built in FY2006.
- Compiled and analyzed comprehensive information on Title 47 protective custody holds in jails and correctional facilities to serve as basis for development of intervention strategies.
- Continued support for development and interaction of services for Alaskans with traumatic brain injuries through support of the Alaska Traumatic Brain Injury Advisory Board.
- Trust partnered with the Alaska Congressional delegation, Rasmuson Foundation, Department of Transportation and the Alaska Mobility Coalition to bring in \$1 million dollars of federal funding for transportation projects for Trust beneficiaries.
- The Trust and Division of Behavioral Health have partnered with federal SAMHSA (Federal Substance Abuse & Mental Health Services Administration) to develop an integrated behavioral health management information system called AKAIMS. This system will improve service delivery around Alaska and make available good information on activities and outcomes of mental health and substance abuse services.

Statutory and Regulatory Authority

AS 37.14 Public Finance - Trust Funds
AS 47.30 Mental Health
20 AAC 40 Mental Health Trust Authority

Contact Information
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Mental Health Trust Operations Component Financial Summary

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	907.0	1,023.3	1,119.2
72000 Travel	93.0	97.7	102.0
73000 Services	441.0	484.9	492.9
74000 Commodities	64.2	47.8	64.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,505.2	1,653.7	1,778.1
Funding Sources:			
1007 Inter-Agency Receipts	83.8	40.0	40.0
1094 Mental Health Trust Administration	1,421.4	1,613.7	1,738.1
Funding Totals	1,505.2	1,653.7	1,778.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
<u>Unrestricted Revenues</u>				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
<u>Restricted Revenues</u>				
Interagency Receipts	51015	83.8	40.0	40.0
Restricted Total		83.8	40.0	40.0
Total Estimated Revenues		83.8	40.0	40.0

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	0.0	0.0	1,653.7	1,653.7
Adjustments which will continue current level of service:				
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	19.1	19.1
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	1.8	1.8
-FY 07 Retirement Systems Cost Increase	0.0	0.0	36.7	36.7
-FY2007 Wage, Health Insurance, Retirement, and Risk Management Increases for Division of Personnel	0.0	0.0	0.8	0.8
Proposed budget increases:				
-FY2007 Adjustment to Reflect Trustee Authorized Funding	0.0	0.0	63.7	63.7
-Risk Management Self-Insurance Funding Increase	0.0	0.0	2.3	2.3
FY2007 Governor	0.0	0.0	1,778.1	1,778.1

**Mental Health Trust Operations
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2006</u> <u>Management</u> <u>Plan</u>	<u>FY2007</u> <u>Governor</u>		
Full-time	10	10	Annual Salaries	744,287
Part-time	0	0	COLA	19,762
Nonpermanent	1	1	Premium Pay	0
			Annual Benefits	357,515
			Less 0.21% Vacancy Factor	(2,364)
			Lump Sum Premium Pay	0
Totals	11	11	Total Personal Services	1,119,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Manager	1	0	0	0	1
Budget Coordinator	1	0	0	0	1
Chief Financial Officer	1	0	0	0	1
Chief Operating Officer	1	0	0	0	1
Chief Executive Officer	1	0	0	0	1
Grants Administrator	1	0	0	0	1
Program Service Aide	1	0	0	0	1
Trust Program Officer	3	0	0	0	3
Trust Program Special Asst	1	0	0	0	1
Totals	11	0	0	0	11